

March 30, 1966

FEDERAL PROPERTY MANAGEMENT REGULATIONS
AMENDMENT NO. E-15

TO : Heads of Federal Agencies

SUBJECT : Revision of Subchapter E - Supply and Procurement

1. Purpose. This amendment transmits a revision of Subchapter E - Supply and Procurement.

2. Background.

a. Prompt payment for goods and services procured through the General Supply Fund of the General Services Administration is required by law (Section 109(b) of the Federal Property and Administrative Services Act of 1949, as amended, 5 U.S.C. 630g(b)). Observance of this requirement is essential in order to make the most effective use of the Fund by allowing for the financing of an adequate variety of stock at advantageous prices. Such prompt payment will also reduce cost of customer collections.


b. Title 7 of the GAO Manual similarly provides for prompt payment. It also provides for the treatment of General Supply Fund billings as constructive evidence of receipt and, consequently, sufficient to authorize payment, subject to later adjustment found necessary. The General Accounting Office has informally approved the attached regulation.

c. Increasing demand for goods and services financed through the Fund requires that still further emphasis be put on the matter of prompt reimbursement in order to minimize the need for requesting capital expansion of the Fund.

Attachment

3. Explanation of changes. For the reasons above set forth, Section 101-26.103(d)(2) is revised to make mandatory the present permissive policy of treating GSA billings as constructive evidence of receipt as a basis for immediate payment.

4. Effective date. This amendment is effective June 1, 1966, but may be observed earlier.


LAWSON B. KNOTT, JR.
Administrator of General Services

FILING INSTRUCTIONS AND NOTES

Remove Pages

2601-2602

Insert Pages

2601-2602

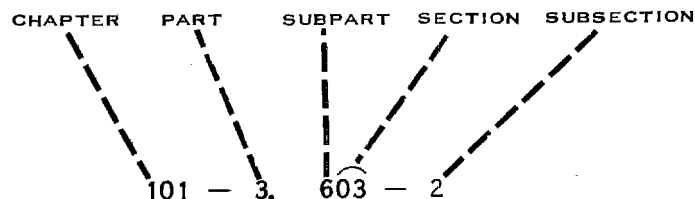
(a) On each page appears the number and date (month and year) of the FPMR Amendment which transmitted it.

(b) Retention of FPMR Amendments and removed pages will provide a history of FPMR issuances and facilitate determining which regulations and contract clauses were in effect at particular times.

(c) Arrows printed in the margin of a page indicate material changed, deleted, or added by the FPMR Amendment cited at the bottom of that page. Where insertion of new material results in shifting of unchanged material on following pages, no arrows will appear on such pages but the FPMR Amendment transmitting such new pages will be cited at the bottom of each page.

- or ← — Line on which change begins.
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(d) In the numbering system, all FPMR material is preceded by digit 101-. This simply means that it is Chapter 101 in Title 41 of the Code of Federal Regulations. It has no other significance. The digit(s) before the decimal point indicates the part; the digits after the decimal point indicate, without separation, the subpart and section, respectively, the latter always in two digits; and the digit(s) after the dash indicates the subsection. For example:



§ 101-26.000 Scope of part.

(a) This part sets forth policies and procedures regarding the procurement of personal property and nonpersonal services from or through Federal agencies and from non-Federal agencies established as sources of supply.

(b) The extent to which the sources of supply are to be used by Government agencies is prescribed. However, items of new office furniture, new office machines, and office supplies to be used by the Department of Defense shall be obtained as set forth in the implementation of interagency purchase assignment agreements between that agency and GSA.

(c) Included as eligible to buy from GSA sources are certain civilian and military commissaries and nonappropriated fund activities, generally buying for their own use but not for resale, except as authorized by the individual Federal agency and concurred in by GSA. Subject to the basic policy requirements set forth in Subpart 1-5.9, Federal agencies may authorize Government contractors to utilize GSA supply sources.

Subpart 101-26.1—General

§ 101-26.101 First source of supply; excess personal property.

The first source of supply is excess personal property, which should be utilized by agencies to the fullest extent practicable, as prescribed in Part 101-43.

§ 101-26.102 Special buying services.

§ 101-26.102-1 General.

(a) In addition to the procurement sources specified in this Part 101-26, GSA, through facilities at its Central Office and regional office locations, will, upon request, perform additional purchasing services.

(b) Any Federal agency, mixed-ownership corporation, the municipal government of the District of Columbia, the Senate, the House of Representatives, or the Architect of the Capitol, and any non-Federal agency, when the function of a Federal agency authorized to procure for it is transferred to GSA, may arrange for these special buying services to be performed by the GSA on either a national or regional basis.

§ 101-26.102-2 Utilization by military agencies.

Military activities shall utilize the buying services of GSA when:

(a) GSA has agreed with the Secretary of Defense, or with the Secretary of a military department in connection with the requirements of that department, to perform such buying services; and

(b) The items involved are not properly obtainable from GSA supply depots or Federal Supply Schedules.

§ 101-26.103 Payments to the General Supply Fund.

Agencies obtaining supplies and nonpersonal services from GSA regional offices, which GSA procures through the General Supply Fund, shall provide for payment by one of the following methods:

(a) *Advance of funds; insufficient capital.* (1) Whenever GSA determines that the capital in the General Supply Fund is insufficient to finance the supplies and services to be requisitioned by an agency, the interested agency will be advised of the amount required to be deposited to the credit of the General Supply Fund. However, advances may be required also on a blanket basis for the financing of requirements of a particular agency or agencies for a designated period of time, depending upon the volume of purchasing in relation to the capital of the General Supply Fund.

(2) When the amount to be advanced has been determined, GSA will bill the requisitioning agency by means of Standard Form 1080, accompanied where appropriate by Standard Form 1081, in accordance with General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies, Title 7, Chapter 4000. Upon receipt in the agency, these documents will be completed, certified, and forwarded to the appropriate disbursing officer for payment.

(b) *Advance of funds; mutual agreement.* Whenever circumstances are such that the financing of transactions through the General Supply Fund by means of an advance is advantageous, even though the capital of the fund is adequate, the agency concerned and GSA may mutually agree to such financing of

101-26.103(b)

the transactions. In these circumstances, the procedures for effecting payment may be set forth in a memorandum of agreement.

(c) *Direct payment to contractors.* When arrangements have not been made for advance payments, the requisitioning agency may, by agreement or request, elect to make direct payment to the contractor for the items procured under the provisions of § 101-26.102.

(d) *Payment in absence of advances.* (1) In those cases where arrangements have not been made for advance payments or direct payment to the contractor, GSA will bill the requisitioning agency and the requisitioning agency will pay GSA in accordance with the provisions of General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies, Title 7, Chapter 4200.

(2) GSA renders General Supply Fund billings on a semimonthly basis. Requisitioning agencies are authorized by the General Accounting Office to process payments promptly on the basis of constructive receipt. Since GSA does not issue General Supply Fund billings until materials are shipped or services provided, such billings are construed as sufficient evidence of delivery to establish liability and to make payment. Accordingly, all Federal agencies shall pay such bills immediately upon their receipt in the exact amount billed, subject only to availability of funds and adjustments for obvious, significant errors in dollar amount. If it is subsequently determined by the ordering office that adjustment in billing is required due to any failure to deliver in accordance with the requisition, request for such adjustment should be forwarded to GSA and adjustment will be reflected appropriately in subsequent billings.

§ 101-26.104 End-of-year submission of purchase documents for action by GSA.

Purchase orders or requisitions submitted at the close of each fiscal year shall reflect actual agency requirements, and shall not be used as a means of exhausting appropriation balances. Each office submitting purchase orders or requisitions covering articles of equipment or supplies for processing by GSA which

are chargeable to appropriations expiring on June 30 of each year shall observe the following:

(a) *When procurement from or through GSA is mandatory.* When an agency is required by law or regulation (including GSA regulations) to place orders with GSA for stores stock items or for other than stock items, such an order may be recorded as an obligation of the ordering agency at the time the order is issued. This includes orders which are required to be placed with GSA in accordance with the maximum order limitation of Federal Supply Schedules. An order is not to be regarded as issued as long as it remains within the control of the issuing agency.

(b) *When procurement from or through GSA is optional.* (1) Orders placed with GSA on an optional basis covering items listed in the current edition of the GSA Stores Stock Catalog may be treated as obligations of the ordering agency at the time the order is issued provided both of the following conditions are met:

(i) Such order shall comply with the general rule that the materials, supplies, or equipment ordered are intended to meet a bona fide need of the fiscal year in which the need arises or to replace stock used in that fiscal year.

(ii) The order must be firm, complete, and request prompt delivery.

(2) Orders placed with GSA on an optional basis covering articles or services to be purchased for direct delivery may not be recorded as obligations of the ordering agency until GSA awards a contract for the required articles or services. Such orders should be submitted by May 10, if possible, and in any event not later than June 1, in order to afford sufficient time for the orderly completion of the necessary action before June 30. When such an order is received too late to permit the execution of contracts by June 30, the ordering activity will be notified immediately and requested to furnish instructions as to the action to be taken. Based on these instructions, procurement action will be taken or the order will be returned, without action, to the ordering activity.